



Credit Union National Association

601 Pennsylvania Ave., NW | South Building, Suite 600 | Washington, DC 20004-2601 | PHONE: 202-638-5777 | FAX: 202-638-7734

cuna.org

July 15, 2009

Federal Trade Commission  
Office of the Secretary  
Room H-135 (Annex W)  
600 Pennsylvania Avenue, N.W.  
Washington, DC 20580

Re: Mortgage Assistance Relief Services Rulemaking, Rule No. 911003

To Whom it May Concern:

The Credit Union National Association (CUNA) appreciates the opportunity to comment on the Federal Trade Commission's (FTC's) advance notice of proposed rulemaking (ANPR) that addresses the practices of those who offer loan modification and foreclosure rescue services to consumers. The ANPR requests general comments as to whether the FTC should develop rules to restrict or prohibit activities in these areas. CUNA represents approximately 90 percent of our nation's 8,000 state and federal credit unions, which serve approximately 92 million members.

### **Summary of CUNA's Comments**

- CUNA agrees that the FTC should move forward in this process to determine if additional rules should be implemented to restrict or prohibit practices that take advantage of vulnerable homeowners who seek loan modification or foreclosure rescue services.
- However, these rules should not be imposed on state-chartered credit unions that are subject to the FTC's jurisdiction under the FTC Act, not only because credit unions have not been the source of these problems but also because the result would be that such rules would only apply to state-chartered credit unions and not to federal credit unions. No matter how laudable, CUNA would not support rules which would only apply to one segment of the credit union industry.

### **Discussion**

In light of the current economic conditions, credit unions are working with those members who are having difficulty in meeting their mortgage obligations. This may entail providing loan modifications, including the refinance and loan



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modification options that are available under the Treasury Department's Making Home Affordable Programs.

Although credit unions are offering their members valuable assistance in this area, we recognize that there are unscrupulous firms and individuals who offer loan modification and foreclosure rescue services to consumers. These entities do nothing more than take advantage of vulnerable homeowners by charging very high fees without providing any assistance. In these situations, consumers may be in a worse position than before. They are often instructed to stop making mortgage payments, which only serves to increase the overall mortgage debt in addition to the fees and other penalties that result when payments are not made in a timely manner.

We certainly agree that the FTC should move forward in this process to determine if additional rules should be implemented under the unfair or deceptive acts or practices provisions of the FTC Act to restrict or prohibit practices that take advantage of vulnerable homeowners.

However, we are concerned that these rules may apply to state-chartered credit unions that are subject to FTC jurisdiction in this area. Credit unions have not been the source of problems for home loan borrowers and do not need additional rules to ensure they act in their members' best interests. Credit unions are not-for-profit financial institutions that are governed by boards of directors elected by credit union members to represent the members' interests. This is in sharp contrast to the unscrupulous loan modification and foreclosure rescue firms who take advantage of vulnerable homeowners.

Further, if state-chartered credit unions are covered by the new rules, they will be needlessly subjected to new regulatory burdens that will add to their compliance costs. For these reasons, we urge the FTC not to include credit unions under the scope of any new rule to address practices in which credit unions do not engage.

Thank you for the opportunity to comment on the ANPR that addresses the practices of those who offer loan modification and foreclosure rescue services to consumers. If you have questions about our comments, please contact Senior Vice President and Deputy General Counsel Mary Dunn or me at (202) 638-5777.

Sincerely,

Jeffrey P. Bloch  
Senior Assistant General Counsel